

# EXHIBIT 4

**From:** Larry Horn  
**To:** AVCGroup  
**Sent:** 3/26/2004 3:59:26 PM  
**Subject:** FW: Final Draft AVC 3/26  
**Attachments:** 03.DOC; Redline.rtf

Dear Colleagues,

Attached is a final clean draft and redlined draft (showing changes from the last draft) of the AVC Patent Portfolio License. To keep pace with our schedule, we want to have final corrections made to the License by 5 April.

We apologize that there has been a delay in our distribution of the first drafts of the related Licensor Agreements (Agreement Among Licensors, License from Licensor to Licensing Administrator and Licensing Administrator Agreement) as described in my email of 18 March, but you will receive those the latter part of next week. As you know, they rely on the License and will follow a relatively standard form incorporating terms previously described, so we should be able to catch up with the schedule for those documents.

A few comments on the attached Final Draft License:

We appreciate your prompt response to our 24 March email requesting your feedback on three issues. It has been very helpful and informative:

(a) Starting with Issue #3, there was overwhelming support for reducing the maximum royalty rate increase at any renewal period from 25% to 10% (only one party objected). That change is reflected in the attached document (Section 6.1).

(b) On Issue #2, a substantial majority said "no" to making a distinction between permanent and temporary titles. Therefore, no change has been made.

(c) On Issue #3, although a majority of patent holders favored retaining part (iii), we sense a more passionate division around what is a more sensitive issue, and we ourselves are not convinced that part (iii) is a good idea. Therefore, to bring the group together around this issue, we suggest a compromise solution, which we ourselves believe is preferable and we hope will be acceptable to patent holders on both sides: Part (iii) currently provides that a party cannot be included as a Codec Licensee Customer or an OEM Licensee Customer if it is not licensed for other AVC products (in addition to those provided by a Codec Licensee and an OEM Licensee) that may be included in its products. We understand that this would require a Codec Licensee and an OEM Licensee to inform their customers that they are not licensed for AVC products provided by the Codec Licensee and OEM Licensee unless this condition is satisfied and that providing such a provisional license/notice may create difficulties with customers. Therefore, instead of requiring a Codec Licensee and an OEM Licensee to inform their customers what is not licensed (or may or may not be licensed), we recommend deleting part (iii) from 1.16 and 1.32 and instead adding a notice provision (7.1.2) requiring a Codec Licensee and an OEM Licensee only to notify their customers exactly what they are licensed for - i.e., that they are licensed only for those AVC products provided by the Codec Licensee and OEM Licensee. We have taken the liberty of reflecting this proposed solution, which we hope will be acceptable to you, in the attached Final Draft.

Other changes that have been made are in response to your comments and suggestions, which were much fewer at this point (a good thing indicating that closure is near), and we believe that the reasons for them will be clear. If you have any questions, we welcome them.

Best regards,  
Larry